

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JOSEPH A.)	APPEAL NO. 06-A-2551
PETRETEE from the decision of the Board of Equalization)	FINAL DECISION
of Kootenai County for tax year 2006.)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing December 12, 2006, in Coeur d'Alene, Idaho, before Board Member Vernon L. Driver. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Joe Petretee appeared for himself. Residential Appraisal Manager Darin Krier and Residential Appraisers Ken Merwin and Shane Harmon appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. 041400000020.

The issue on appeal is the market value of waterfront residential property.

The decision of the Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$588,000 and the improvements value is \$198,560, for a total value of \$786,560. Appellant requests the land value be reduced to \$350,000 and the improvements value remain at \$198,560, for a total value of \$548,560.

Appellant testified subject was purchased for \$155,000 five years ago.

The subject property is a 2,966 square foot single family residence located on the East side of Lake Coeur d'Alene, in a rural subdivision in Powderhorn Bay. The .853 acre site includes 100 feet of waterfront.

Mr. Petretee claimed the sales the County compared to subject were not comparable. Because there are few sales on the back side of the lake and more sales closer to Coeur d'Alene, Appellant charged the sales the County used have superior locations and sell for higher

prices. Subject is located on the back side of the lake and accessed by a two-lane, windy road.

Appellant charged subject's assessed value increased over four times in the past two years and the residence value tripled, while other properties in subject's neighborhood did not. Taxpayer noted the assessed land value was \$147,000 in 2004 and has now increased to \$588,000.

One sale and a listing in subject's area were noted by Appellant. The vacant land sale included 100 front feet of gently sloping waterfront on Powderhorn Bay. The sale took place in the summer of 2006 for \$250,000. The .28 acre lot was reportedly on the market for close to a year. Community power, water and sewer are available to this vacant lot. Appellant maintained this sale does not support the \$588,000 assessment of subject lot where the two lots have the same amount of waterfront.

An improved property was just listed in November 2006 for \$679,000. Appellant maintained this two year old residence has one less bedroom than subject, 75 feet of waterfront and a dock.

Mr. Petretee determined a sale the County compared to subject is the nicest home in the bay with a double lot, twice the frontage, and a newer residence three times subject's size.

Taxpayer referenced an economic report by GLOBALINSIGHT which portrayed the over-valuation of housing markets in the last quarter of 2005 in Boise, Idaho at 21.5%. Spokane, Washington was reportedly over-priced at 28.9%. From this information Appellant determined home sales were slowing across the nation, while at the same time, subject's assessed value continued to increase.

The County explained how subject's area was last re-appraised in 2003 and how the base rates for the different areas of the County were determined. To maintain market values each

year, positive trends by location have been applied to the original base values.

Respondent described subject's area and referenced the market value requirement which must be annually met by re-appraisal or indexing (trending.) The 2004, 2005 and 2006 assessments of subject property were a result of indexing.

Respondent responded to the GLOBALINSIGHT information and maintained the two cities Appellant addressed, Boise Idaho and Spokane Washington, were not comparable to Coeur d'Alene, Idaho. Boise was noted to be 450 miles South and Spokane 32 miles to the East and located in another state. Respondent maintained both cities are major population centers and commercial hubs with very different dynamics that can't be compared locally.

The County noted a resale in subject's area. A 3.214 acre parcel with 100 feet of improved water frontage, and 80.5 feet of unimproved frontage, sold in July 2005 for \$1,200,000. The property sold again on October 17, 2005 for \$1,534,125. It was explained 100 feet was the typical site size in subject's area. Excess frontage beyond that amount is discounted based on prevailing market information.

Respondent's exhibit materials included a page titled Sales Analysis Statistics which contained ratio comparisons of assessed values to sale prices, both before and after positive trends were applied. The exhibit included a list of 18, 2005 waterfront sales analyzed by Respondent to determine market trends.

Respondent explained improved waterfront land values were established from an analysis of improved-sales, rather than vacant-land sales. The land sale submitted by the Appellant was for vacant land, and Respondent maintained vacant and improved land can not be compared.

Respondent noted properties in subject's area were trended equally in the past two years; neighboring properties received the same positive market trends as subject.

Several sales listed in the County's exhibit were described. The final ratio of current assessed values to recent time-adjusted sale prices was described as less than market value, however still acceptable and in accordance with Idaho's evaluation standards.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho is a market value state for property tax purposes.

§ 63-201. DEFINITIONS. As used for property tax purposes in title 63, chapters 1 through 23, Idaho Code, the terms defined in this section shall have the following meanings . . .

10) "Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant's issue was with subject's tremendous value increase in one year. Idaho statutes do not limit the possible increase or decrease in assessed value each year. The law requires real property like subject be assessed at current market value each year. Idaho Code § 63-205(1).

The County's valuation was arrived at through mass appraisal practices. Eighteen sales were presented in support of the 2006 trend applied in subject's area. Ratio studies before and after the trends, illustrated compliance with Idaho's market value standard and the required valuation program.

63-314. COUNTY VALUATION PROGRAM TO BE CARRIED ON BY ASSESSOR.

(1) It shall be the duty of the county assessor of each county in the state to conduct and carry out a continuing program of valuation of all taxable properties under his jurisdiction pursuant to such rules as the state tax commission may prescribe, to the end that all parcels of property under the assessor's jurisdiction are assessed at current market value. In order to promote uniform assessment of property in the state of Idaho, taxable property shall be appraised or indexed annually to reflect current market value. In order to achieve this goal, all taxable property in a county shall be appraised at least once every five (5) years, except as provided in subsection (6). Beginning in 2003, or year one (1) of any five (5) year cycle not less than fifteen percent (15%) of the taxable properties in the county shall be appraised during that year; by the end of year two (2) not less than thirty-five percent (35%) of the taxable properties in the county shall have been appraised during that year and the previous year; by the end of year three (3) not less than fifty-five percent (55%) of the taxable properties in the county shall have been appraised during that year and the previous two (2) years; by the end of year four (4) not less than seventy-five percent (75%) of the taxable properties in the county shall have been appraised during that year and the previous three (3) years; and by the end of year five (5) all one hundred percent (100%) of the taxable properties within the county shall have been appraised during that year and the previous four (4) years. Annually, all taxable property, not appraised that year, shall be indexed to reflect current market value for assessment purposes using market value property transactions and results of the annual appraisal of taxable property. The county assessor shall maintain in the respective offices sufficient records to show when each parcel or item of property was last appraised. The appraisal required by this section shall include a plan outlining the continuing valuation program. Said plan shall be submitted to the state tax commission for approval on or before the first Monday in February, 1997, and no less frequently than every fifth year thereafter. The state tax commission shall not approve any plan that fails to provide for adequate appraisal and valuation of all taxable properties in any county.

Appellant compared the sale of a neighboring vacant lot to subject. The County explained a value difference, based on market sales, between improved land and vacant land was something more than the actual build-up costs of providing water, sewer and electricity to bare land. The Board does not find the single sale of vacant land indicative of subject's total market value, nor is it a persuasive indicator of the value that should be assigned to a land category on an improved parcel.

The Assessor's valuation of property for purposes of taxation is presumed correct. *The Senator, Inc. v. Ada County Bd. of Equalization*, 138 Idaho 566, 569, 67 P.3d 45, 48 (2003). The

court will grant relief where the valuation fixed by the assessor is manifestly excessive, fraudulent or oppressive; or arbitrary, capricious and erroneous resulting in discrimination against the taxpayer. *Merris v. Ada County*, 100 Idaho 59, 593 P.2d 394 (1979).

No error in the assessed value of subject has been demonstrated by Appellant. The subject value increased significantly, however the increase was based on recent market sales. The assessment was not arbitrary or capricious. No error in subject's assessment was demonstrated. Therefore, we will affirm the decision of the Kootenai County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED this 20th day of April, 2007.